

STATE OF IDAHO DEPARTMENT OF INSURANCE

700 W. STATE STREET BOISE, IDAHO 83720 Phone: (208) 334-2250

BULLETIN NO. 85-5

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ALL INSURANCE COMPANIES WRITING PROPERTY

AND CASUALTY INSURANCE IN IDAHO

FROM:

WAYNE L. SOWARD, DIRECTOR

DEPARTMENT OF INSURANCE

SUBJECT:

INSURANCE COMPANY RESPONSIBILITIES AND DUTIES RELATING

TO PROPERTY AND CASUALTY INSURANCE POLICIES

DATE:

April 15, 1985

The Idaho Department of Insurance has observed that many property and casualty policyholders are having problems relating to the servicing of their policies. Those problems in summary are:

- Property and casualty policies are not being delivered to the policyholder. This constitutes a violation of <u>Idaho Code</u> Section 41-1824(1) which requires such delivery. The Department of Insurance expects every company to ensure that this section of the Idaho law is complied with.
- 2. Nonrenewal and cancellation notices are not being delivered to policyholders in a timely manner. The position of this Department is that policyholders are entitled to be advised immediately of insurance company intentions to nonrenew or cancel policies along with the reason for such action.
- 3. Because of delays in processing policy renewals, many companies are providing interim coverage by binder. The result is that many policyholders are not aware of renewal premiums or changes in coverage. Since Idaho Code Section 41-1823 provides that binders shall include all the usual terms (as defined by Idaho Code Section 41-1815) of the policy for which the binder was given, it follows that such terms must mean those of the prior policy. As such, if the policyholder does not accept the terms of the renewal policy, unearned premiums will be computed pro rata and based upon rates in effect under the prior policy.

- 4. Policies are being cancelled only because of a termination of an agency agreement. In the case of personal automobile policies, this constitutes a violation of <u>Idaho Code</u> Section 41-2507 in that agency agreement cancellations are not proper grounds for such action. For all other coverages, companies should be guided by Department of Insurance Bulletin No. 85-1.
- 5. Insurance companies are cancelling or nonrenewing entire lines of business in Idaho. Personal auto lines may be cancelled or non-renewed only for grounds as set forth in <u>Idaho Code</u> Section 41-2507 or with <u>Director of Insurance authorization per Idaho Code</u> Section 41-2509(2). In all other coverages, insurance companies should be guided by Department of Insurance Bulletin No. 85-1.

Proper handling of the aforementioned matters are the responsibility of insurance companies. Thus, insurance companies are expected to make sure that their procedures are proper and that company staffs as well as appointed agents are advised.

DEPARTMENT OF INSURANCE STATE OF IDAHO

WAYNE L/ SOWARD

Director